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WA average home loan increased by \$32,000 in five years

The average Western Australian home loan increased by \$32,000 over the last five years to 2003-04, according to the Australian Bureau of Statistics. Western Australian homeowners borrowed an average \$151,500 last financial year.

However, despite rapid house price growth Western Australia lags behind the increases in the eastern states. Perth's established house price index rose by an annual average of 10% over the four years to 2003-04, compared to 13% nationally. This was much higher than the increase in Perth's consumer price index (up by 3%).

The gap between the income required to secure a loan for a median-priced house (\$59,920) and average annual income (\$49,660) in Perth was the lowest of any Australian capital city in June 2004.

Borrowing for investment properties increased from 22% of total housing finance to 30% in the five years to 2003-04. This was, however, well below the proportion of investment borrowing in New South Wales and Victoria.

Investment in housing and associated infrastructure has resulted in increased incomes and employment in the property and construction industries. However, activity in Western Australia's construction industry has not reached the levels experienced in 1999-2000 in the lead up to the GST implementation.

These recent house price increases in Western Australia have been driven by strong population growth, favourable employment conditions, low interest rates, greater access to finance and strong returns to residential property investment.

The impact of these factors on house prices has been compounded by increases in the cost and shortages in supply of both construction materials and labour.

Further detail is in **Western Australian Statistical Indicators** (cat. no. 1367.5). This issue also contains an overview of recent developments in a number of economic and demographic indicators.

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